

CHINA BIWEEKLY

RMB Internationalization Business Promotion Office
Global Business Division

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■ BIWEEKLY DIGEST

[Economy]

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- **Number of Migrant Workers in 2018: 0.6% YoY Growth for 10-Year Low**

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[Finance/Exchange]

- **Foreign Reserve Balance in April Has First Decrease in Six Months**
- **April New RMB Loans Shrink by RMB 670 Billion Month-On-Month (MoM)**

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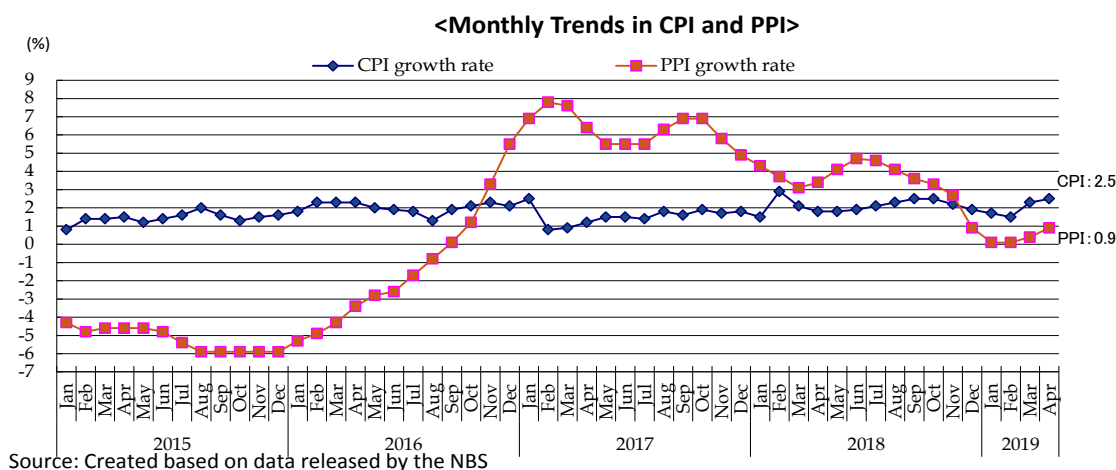
[Economy]

◆ **CPI and PPI for April Enter Second Month of Growth, Up 2.5% and 0.9% Respectively**

According to a May 9 announcement by the National Bureau of Statistics (NBS), the consumer price index (CPI) for April increased 2.5% YoY, with the growth rate increasing 0.2 percentage point over last month. This marks the second consecutive month of growth and the highest level in six months since October last year. The producer price index (PPI) increased 0.9% YoY, also experiencing a second consecutive month of growth with a growth rate 0.5 percentage point higher than last month.

By category, the CPI saw a significant increase in food, up 6.1% YoY (March: up 4.1% YoY), with non-food items rising 1.7% YoY (March: up 1.8% YoY). Food subcategories overall saw growth, with vegetables up 17.4% YoY (March: up 16.2% YoY), pork up 14.4% YoY (March: up 5.1% YoY), and fruit up 11.9% YoY (March: up 7.7% YoY). Decreased supply could be attributed to the African swine fever virus outbreak and last autumn's fruit crop failures in the north.

By industry, the producer price index saw significant growth in the resource mining industry, with iron ore mining and processing up 10.6% YoY (March: up 5.8% YoY) and petroleum/natural gas drilling up 10.1% YoY (March: up 9.7% YoY). Computers, communications, and other electrical equipment increased 0.3% YoY (March: up 0.2% YoY), showing slight growth. While automobile manufacturing saw a decrease of 0.5% YoY (March: 0.6% YoY), the size of the decrease shrank slightly.



◆ **Main Economic Indicators for April: Consumer Goods, Industrial Production, and Investment Sluggish Across the Board**

On May 15, the National Bureau of Statistics (NBS) announced the main economic indicators for April. Growth in industrial production (value-added) in April was 5.4% year-on-year (YoY), a sharp slowdown with a 3.1 point drop from March (8.5% YoY) (Figs. 1 and 2). By item, crude steel and steel products leapt by 12.7% and 11.5% YoY respectively, while automobile and industrial robot manufacturing dropped significantly by 15.8% and 7.3% YoY respectively.

Total retail sales for consumer goods in April slowed down to 7.2% YoY (down 1.5 points from March), marking the lowest level in 15 years and 11 months (Figs. 1 and 2). The NBS explained that sales were affected by consecutive holidays for Labor Day being moved forward to May this year.

For the January-April period, cumulative investment in fixed assets increased 6.1% YoY, down 0.2 point from the January-March period. While growth in the state-owned sector increased 1.1 points, private sector growth tapered off 0.9 point from January-March, resulting in an overall continued investment slowdown (Figs. 1 and 2). By category, real estate investment increased 11.9% YoY (up 0.1 point from Jan-Mar) and infrastructure investment increased 4.4% YoY (unchanged from Jan-Mar), while investment in manufacturing grew 2.5% (down 2.1 points from the previous period), marking the third consecutive month of sharp downturns in growth (Fig. 3).

After acknowledging the decelerating trend in the economic indicators for April, the NBS emphasized that the economic situation should be assessed by observing trends in the indicators from a more long-term perspective and omitting any short-term, variable factors.

Concerning the intensified China-U.S. trade dispute, the NBS indicated that the Chinese economy is showing an improved resistance to challenges from the external environment, as exemplified by numbers such as China's GDP achieving growth of 6.6% for 2018 and the surveyed urban unemployment rate for April remaining at 5.0% and maintaining roughly the same level as the year before, despite the impact of the trade dispute beginning last year. In conjunction with this, the NBS commented that the strength of the Chinese economy and administrative leeway in fiscal and monetary policies shall form the basis of the stable management of the country's economy.

[Fig. 1] Main Economic Indicators for April

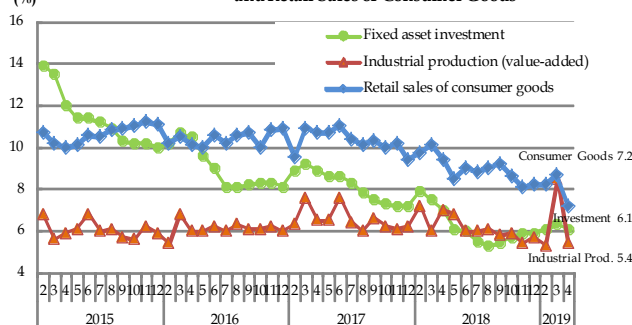
Item	March 2019		Growth Rate MoM	April 2019			
	Amount	YoY (%)		Amount	YoY (%)		
Investment in fixed assets (excl. investments by rural companies)*	(RMB Bn)	10,187.1	6.3	↘	(RMB Bn)	15,574.7	6.1
State-owned sector	(RMB Bn)	(Unreleased)	6.7	↗	(RMB Bn)	(Unreleased)	7.8
Private sector	(RMB Bn)	6,149.2	6.4	↘	(RMB Bn)	9,310.3	5.5
By industry							
Primary	(RMB Bn)	240.8	3.0	↘	(RMB Bn)	381.3	▲0.1
Secondary	(RMB Bn)	3,322.4	4.2	↘	(RMB Bn)	5,115.6	2.8
Tertiary	(RMB Bn)	6,624.0	7.5	↗	(RMB Bn)	10,077.8	7.9
Value-added industrial production**	-	-	8.5	↘	-	-	5.4
Total retail sales of consumer goods	(RMB Bn)	3,172.6	8.7	↘	(RMB Bn)	3,058.6	7.2
Consumer price index (CPI)	-	-	2.3	↗	-	-	2.5
Industrial producer price index (PPI)	-	-	0.4	↗	-	-	0.9
Industrial producer purchase price	-	-	0.2	↗	-	-	0.4
Exports	(USD Bn)	198.67	14.2	↘	(USD Bn)	193.49	▲2.7
Imports	(USD Bn)	166.02	▲7.6	↗	(USD Bn)	179.65	4.0
Trade balance	(USD Bn)	32.65	-	-	(USD Bn)	13.84	-
Inward foreign direct investment (executed basis)	(USD Bn)	14.11	4.9	↘	(USD Bn)	9.34	2.8

* Cumulative total from January

** Independently-accounted state-run companies and non-state-run companies with annual sales of RMB 20 million or more

Source: Created based on data released by the NBS

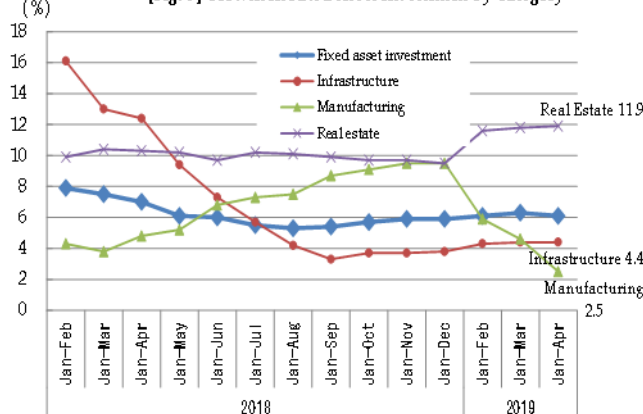
[Fig. 2] Growth in Fixed Asset Investment, Industrial Production and Retail Sales of Consumer Goods



Notes: Cumulative total from January used for fixed asset investment
Cumulative January-February total used for February data for industrial production and retail sales of consumer goods

Source: Created based on data released by the NBS

[Fig. 3] Growth in Fixed Asset Investment by Category

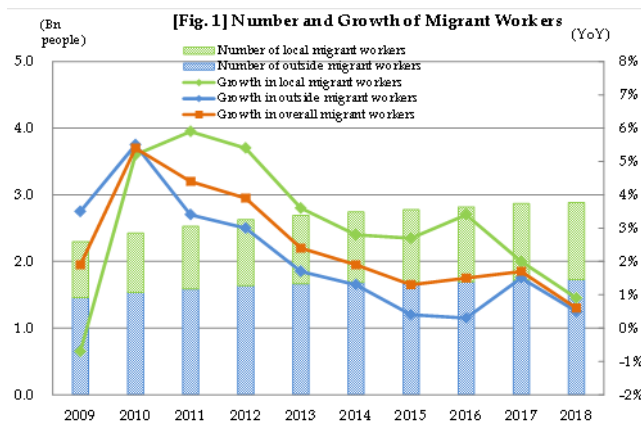


Source: Created based on data released by the NBS

◆ Number of Migrant Workers in 2018: 0.6% YoY Growth for 10-Year Low

According to the Migrant Worker (workers from rural areas engaged in work other than agriculture) Monitoring Survey Report released by the NBS on April 29, the nationwide number of migrant workers rose 0.6% YoY to 288.36 million people (a 1.7% YoY increase in 2017), the lowest level of growth in the past 10 years (Fig. 1).

Breaking that figure down, "outside migrant workers" who work outside of their registered regions increased 0.5% YoY to 172.66 million, while the number of "local migrant workers," who work within their registered regions, increased at a higher rate, rising 0.9% YoY to 115.7 million (Fig. 1). The number of outside migrant workers in urban regions fell off 1.5% from the previous year



Source: NBS Migrant Worker Monitoring Survey Reports 2009-2018

to 135.06 million. The rising cost of living in urban areas and greater job availability in local regions and rural areas are regarded as background factors. By working region, migrant workers in western and central regions increased 4.2% and 2.4% respectively from 2017, while the numbers working in eastern and northeastern regions decreased by 1.2% and 1.0% respectively. In the eastern region, migrant workers in the Yangtze Delta area maintained 1.2% growth from previous year, while there were fewer migrant workers in both the Pearl River Delta area and the Jingjinji (Beijing-Tianjin-Hebei) metropolitan region, with numbers dropping by 3.9% and 1.2% respectively (Fig. 2).

As for the ratio of migrant workers by the type of industry, employment in tertiary industries increased 2.5 percentage points from the previous year to account for 50.5%, while another 49.1% of migrant workers were in secondary industries, a 2.4 point decline YoY. For the first time, the number of migrant workers employed in tertiary industries exceeded those in secondary industries. “Homemaker/Repair/Other services” and “Wholesale and retail” were the types of occupation recording the largest numbers within the tertiary industry category, accounting for 12.2% and 12.1% respectively (Fig. 3).

[Fig. 2] 2018 Number and Growth of Migrant Workers by Working Region

Working Region	Number of Migrant Workers (million people)	Growth Rate (%)	
		2018	2017
Total	288.36	0.6	1.7
Eastern	158.08	▲1.2	0.2
Yangtze Delta	54.52	1.2	1.2
Pearl River Delta	45.36	▲3.9	▲0.9
Beijing-Tianjin-Hebei	21.88	▲1.2	3.3
Central	60.51	2.4	2.9
Western	59.93	4.2	4.9
Northeastern	9.05	▲1.0	1.1
Outside mainland China	0.79	0.0	-

Source: NBS Migrant Worker Monitoring Survey Reports 2018

[Fig. 3] 2018 Ratio of Migrant Workers by Type of Industry (%)

Industry	2018	2017
Primary	0.4	0.5
Secondary	49.1	51.5
Manufacturing	27.9	29.9
Construction	18.6	18.9
Tertiary	50.5	48.0
Homemaker/Repair/Other services	12.2	11.3
Wholesale and retail	12.1	12.3
Accommodation/Restaurant business	6.7	6.2
Transportation/Warehouse/Postal services	6.6	6.6

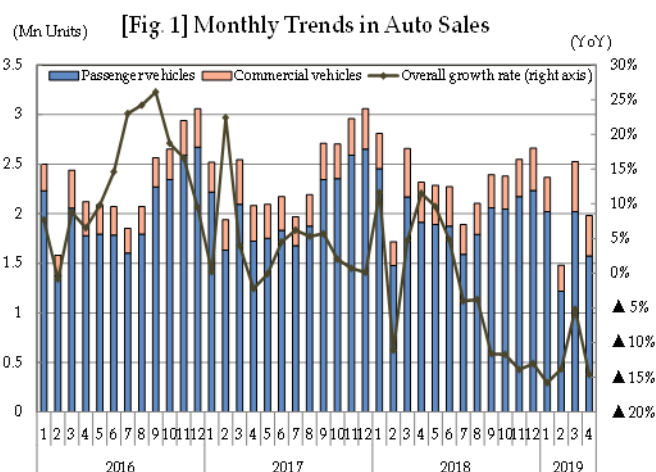
Source: NBS Migrant Worker Monitoring Survey Reports 2018

[Industry]

◆ April Auto Sales Continue to Register YoY Losses, while Japanese Manufacturers Maintain Growth

The China Association of Automobile Manufacturers (CAAM) announced on May 13 that April auto sales fell 14.6% YoY to 1.98 million units, marking a YoY decrease for the tenth consecutive month, with another significant expansion of the negative growth rate from the previous month (down 5.2% YoY in March). Cumulative sales for January-April were down 12.1% YoY to 8.353 million units, also representing a bigger decrease than in the January-March period (down 11.3% YoY) (Figs. 1 and 2). April sales of passenger vehicles fell sharply by 17.7% YoY to 1.575 million units with a YoY decrease 10.8 points bigger than in March (down 6.9%), creating downward pressure on overall sales. Meanwhile, April sales of commercial vehicles showed a modest 0.1% YoY increase to 406,000 units (Fig. 2).

The CAAM indicated that the sluggish auto sales in April were caused by a downturn in consumer confidence amid an economic deceleration, and a prevailing wait-and-see sentiment fueled by expectations for additional stimulus policies. Despite a slowdown in the growth rate from March, the sales volume of new energy vehicles continued to swell, rising 18.1% YoY to 97,000 units in April, with the cumulative volume for January-April up 59.8% YoY to 360,000 units (Figs. 2 and 3).



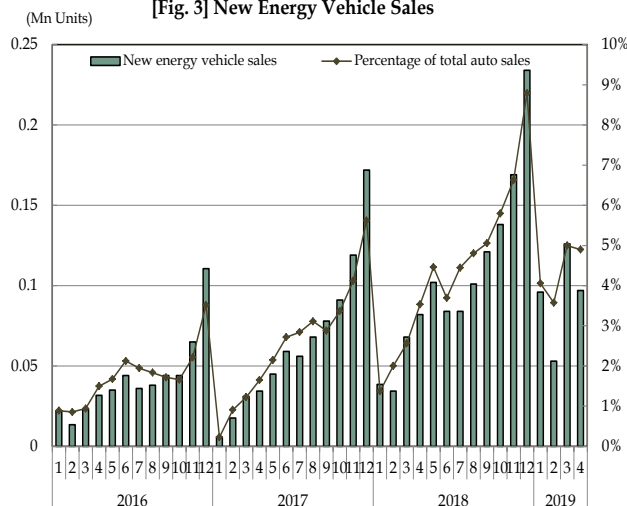
Source: Created based on data released by the CAAM

[Fig. 2] April 2019 Auto Sales and Growth Rate

	April 2019		January-April 2019	
	Units Sold (Mn Units)	YoY	Units Sold (Mn Units)	YoY
Auto sales	1,980	▲14.6%	8,353	▲12.1%
Passenger vehicles	1,575	▲17.7%	6,838	▲14.7%
Sedans	0.791	▲14.8%	3,315	▲12.6%
SUVs (sport utility vehicles)	0.648	▲20.0%	2,919	▲15.8%
MPVs (multi-purpose vehicles)	0.095	▲30.7%	0.465	▲24.2%
Crossover SUVs	0.041	4.8%	0.139	▲1.8%
Commercial vehicles	0.406	0.1%	1,516	1.5%
Buses	0.036	▲7.8%	0.133	▲3.0%
Trucks	0.369	1.0%	1,383	1.9%
New energy vehicles	0.097	18.1%	0.360	59.8%
Electric vehicles (EVs)	0.071	9.6%	0.278	65.2%
Plug-in hybrid vehicles (PHVs)	0.026	50.9%	0.082	43.7%

Source: Created based on data released by the CAAM

[Fig. 3] New Energy Vehicle Sales

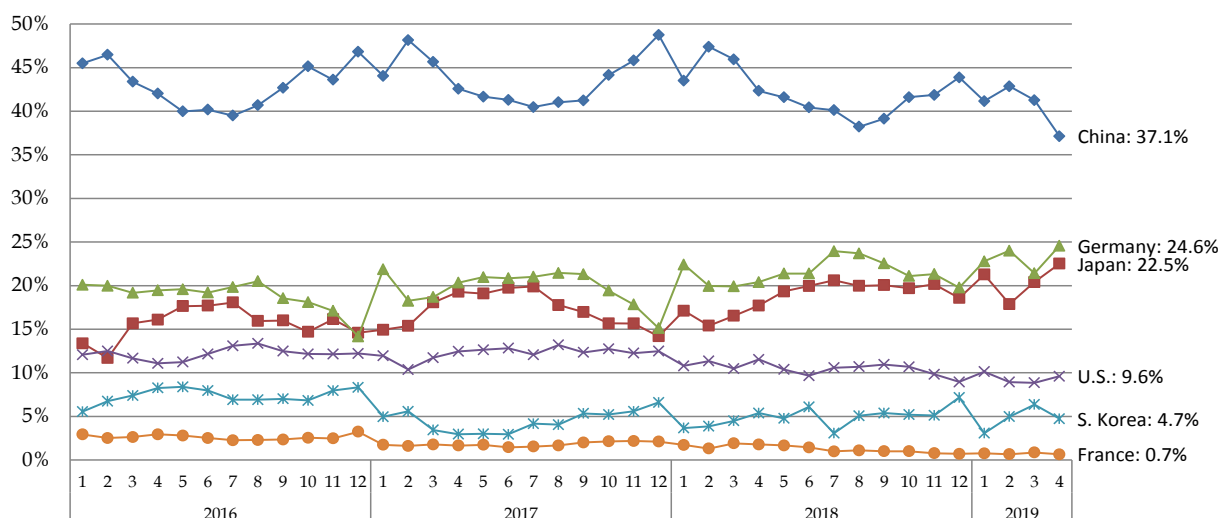


Source: Created based on data released by the CAAM

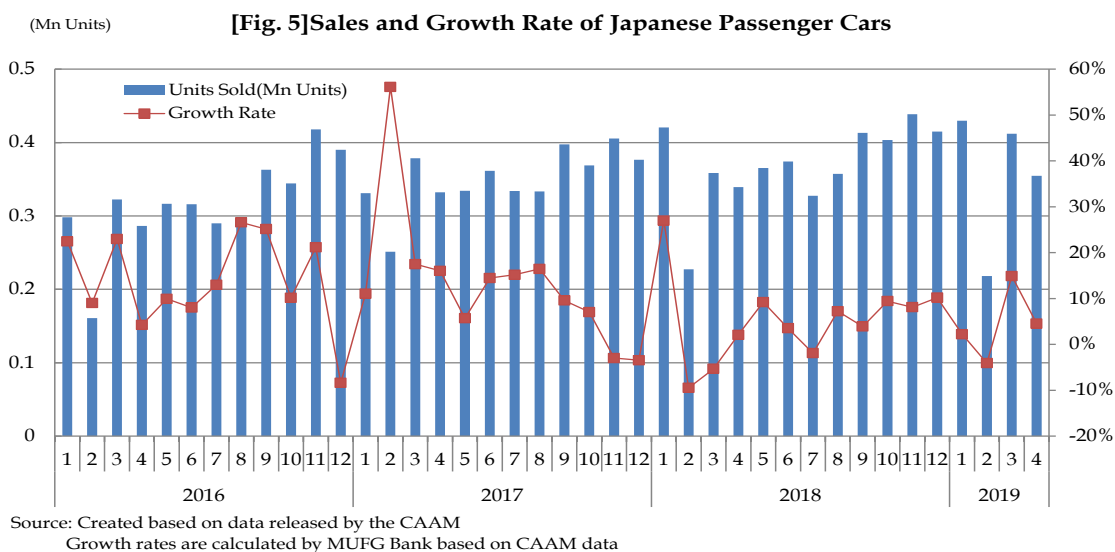
The shares of passenger car sales by the automaker's country were: 37.1% (585,000 units) for China, 24.6% (387,000 units) for Germany, 22.5% (355,000 units) for Japan, 9.6% (151,000 units) for the U.S., 4.7% (75,000 units) for South Korea, and 0.7% (10,000 units) for France (Fig. 4).

Amid the overall slowdown of the passenger vehicle market, the share held by Chinese auto manufacturers continued to decrease. Meanwhile, Japanese competitors continued to increase their share by 4.5% YoY* with 355,000 vehicles sold in April (Fig. 5), although they gained less ground than in the previous month. Japan was the only country of the six that maintained positive growth in the share of auto sales. Some factors are considered to be underlying reasons for this. First, Japanese manufacturers excel in improving fuel efficiency, which is in line with the trend for strengthened emission control. Second, the expiration of tax breaks on purchases of compact cars created an accompanying reduction in sales by Chinese manufacturers, more of whose models were eligible for the tax break, while the expiration had less impact on their Japanese competitors with relatively few eligible models. * Calculated by MUFG Bank based on sales data released by the CAAM.

[Fig. 4] Monthly Trends in Share of Passenger Car Sales by Country of Manufacturer



Source: Created based on data released by the CAAM

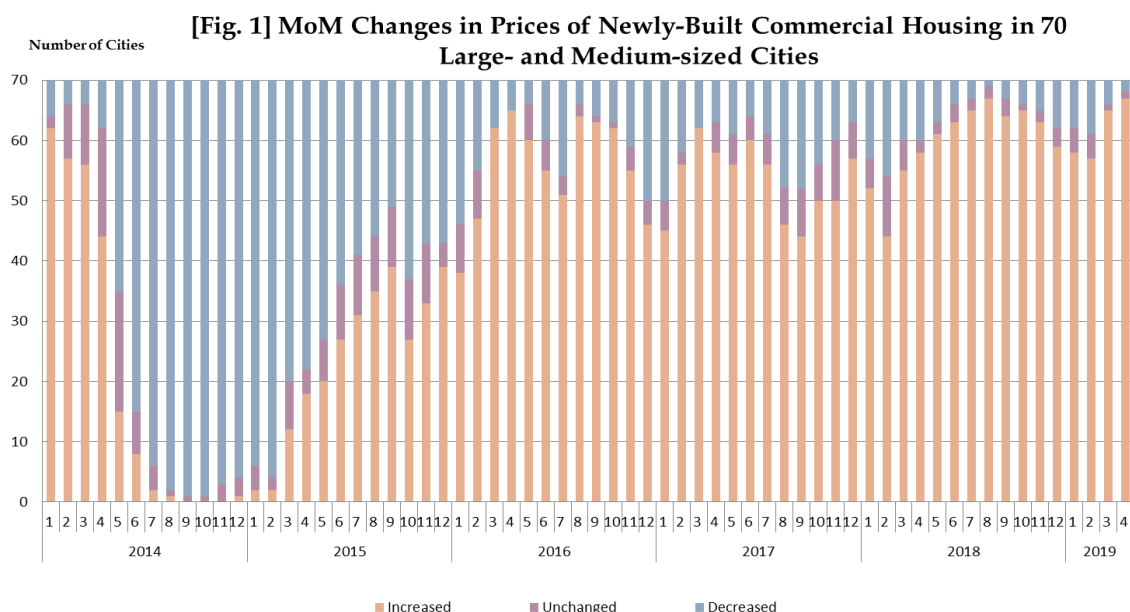


◆ Housing Prices in April for 70 Large- and Medium-sized cities: Month-on-Month (MoM) Growth in 67 cities, and YoY Growth in 70 cities

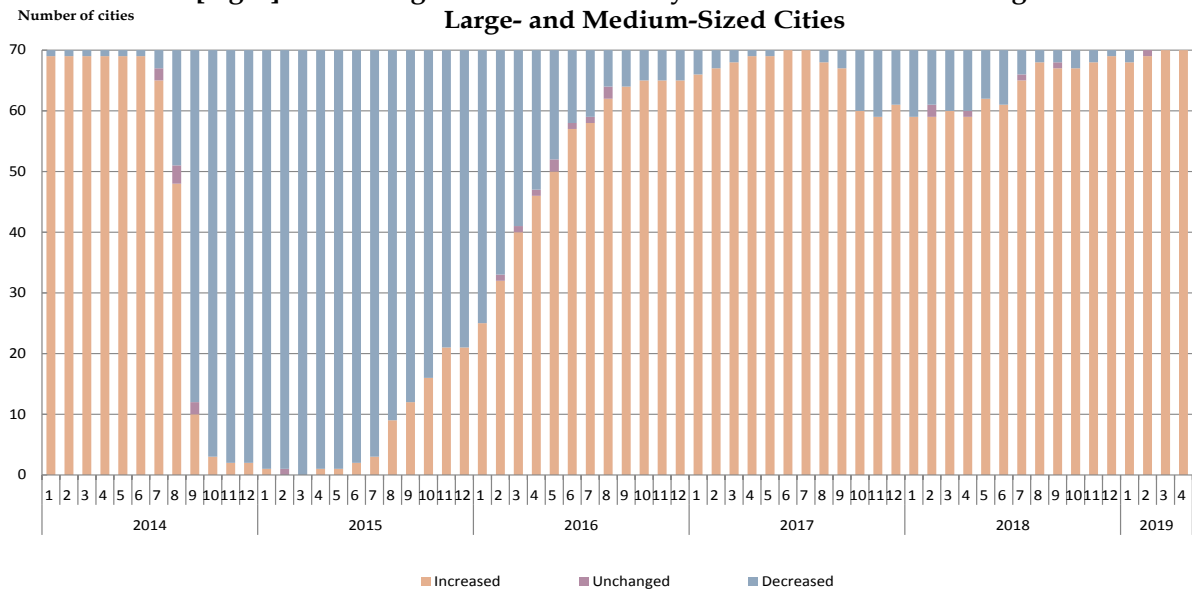
On May 16, the National Bureau of Statistics (NBS) announced the housing price indices for 70 large- and medium-sized cities for April.

Sale prices for newly constructed commercial residential buildings rose on a month-on-month (MoM) basis in 67 cities in April, up 2 cities from the previous month and showing an increase for the second consecutive month, while prices slumped in 2 cities, down 2 cities from the previous month (Fig. 1). On a YoY basis, prices rose in all 70 cities as in the previous month (Fig. 2).

On a MoM basis, cities with notable increases include Qinhuangdao (Hebei) with a 1.8% increase and Chongqing, Kunming (Yunnan), and Beihai (Guangxi Zhuang Autonomous Region) with increases of 1.2% each. The two cities where prices decreased were Ganzhou (Jiangxi) and Shaoguan (Guangdong), both recording a minor decline of 0.1% MoM. Cities that saw considerable increases on a YoY basis include Xi'an (Shaanxi), where prices rose 23.8%, Hohhot (Inner Mongolia) with a 22.3% increase, and Dali (Yunnan) with a 21.0% increase.



[Fig. 2] YoY Changes in Prices of Newly-Built Commercial Housing in 70 Large- and Medium-Sized Cities



Source: Created based on data released by the NBS

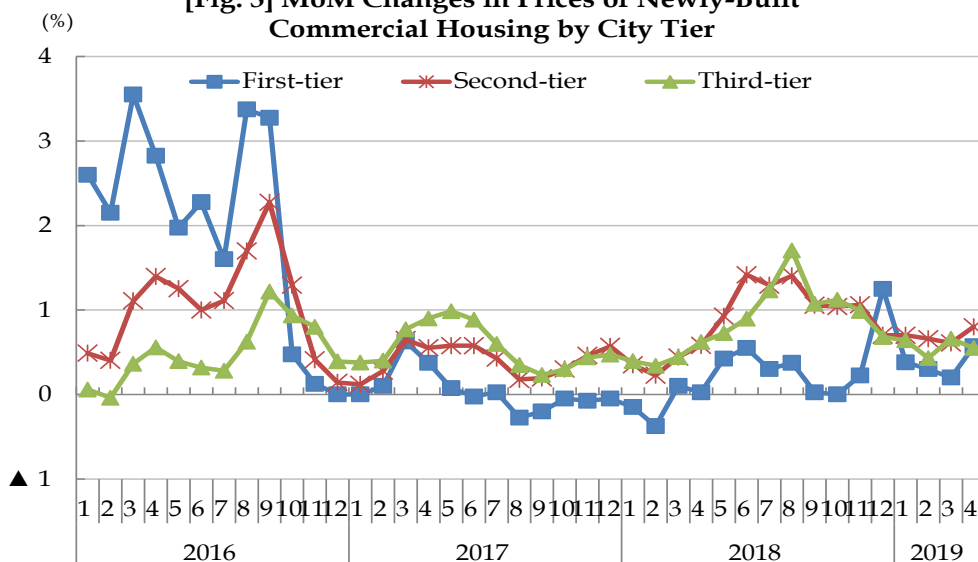
Rates of price increase on a MoM basis expanded in first-tier cities* (from 0.2% in March to 0.6% in April) and second-tier cities* (from 0.6% to 0.8%), while they shrank in third-tier cities* (from 0.7% to 0.5%). On the other hand, YoY growth mostly maintained a high level, with expansion in first-tier cities (from 4.2 to 4.7%) and second-tier cities (from 12.2% to 12.3%), and with a slight contraction in third-tier cities (from 11.4% to 11.3%) compared to the previous month (Fig. 4).

* First-tier cities: Beijing, Shanghai, Guangzhou, and Shenzhen

Second-tier cities: 31 cities including provincial capitals and sub-provincial cities

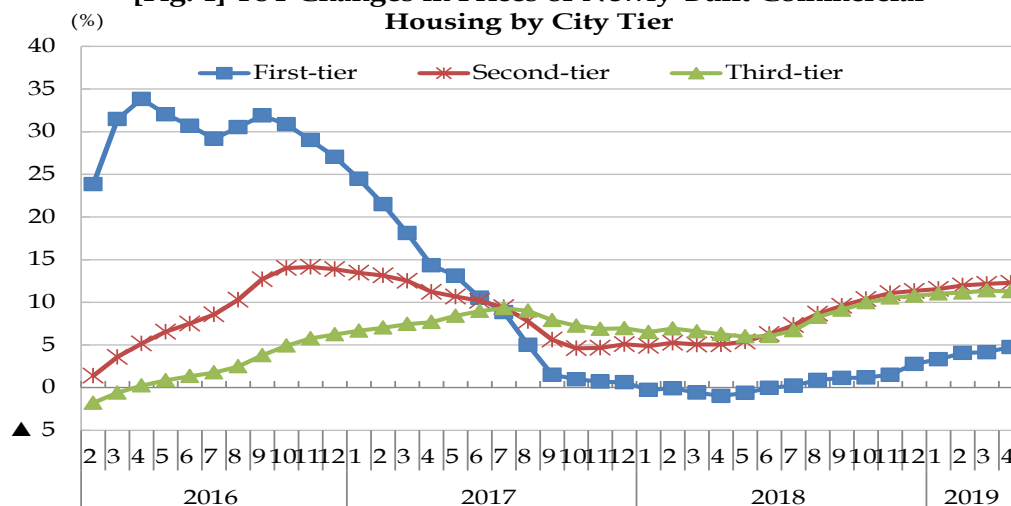
Third-tier cities: The 35 remaining cities of the 70, excluding the above first- and second-tier cities

[Fig. 3] MoM Changes in Prices of Newly-Built Commercial Housing by City Tier



Source: Created based on data published by the NBS

[Fig. 4] YoY Changes in Prices of Newly-Built Commercial Housing by City Tier



Source: Created based on data published by the NBS

According to news reports, the Ministry of Housing and Urban-Rural Development of China is said to have issued warnings to 10 cities with large increases in the prices of newly-built homes, implying the central government's continued policy of keeping property price increases low. Six cities received warnings in April, followed by the 4 cities of Foshan (Guangdong), Suzhou (Jiangsu), Dalian (Liaoning), and Nanning (Guangxi Zhuang Autonomous Region) in May. According to NBS data, the prices of newly-built housing increased 13.2% YoY in Dalian and 11.5% YoY in Nanning in April, and prices also increased significantly in Foshan and Suzhou, which are not included in the NBS list of 70 cities.

[Trade/Investment]

◆ U.S.-China Trade Dispute: Third Round of Tariffs Sees Both Sides Raise Tariff Rates

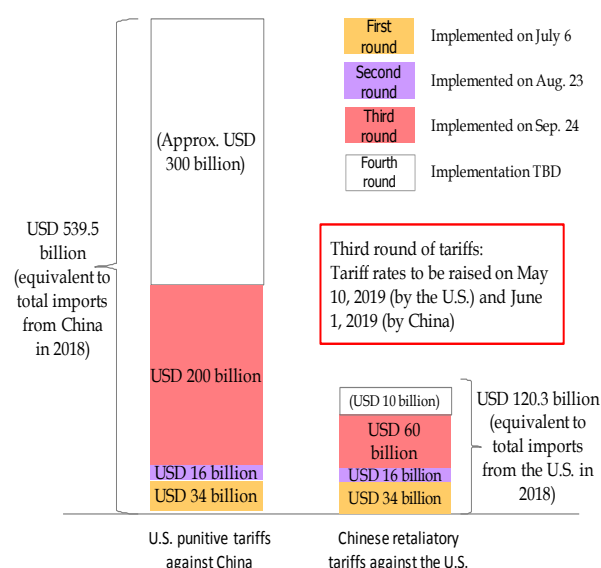
On May 10, the U.S. government announced that it would take additional measures related to the third round of tariffs (enacted on September 24, 2018) to sanction China for its infringement of intellectual property rights pursuant to Section 301 of the Trade Act of 1974. Specifically, it raised the existing tariff on 5,745 different types of Chinese goods worth USD 200 billion from 10% to 25%.¹

To counter this, the Chinese government imposed two additional tariff stages in its third round of retaliatory measures. While the previous implementation imposed a two-tier tariff of either 5% or 10% on 5,140 types² of U.S. goods worth USD 60 billion, after June 1 an additional two tiers will be added for total of four tiers (5%, 10%, 20%, and 25%), raising the rates on 4,545 types of goods.

Note 1: Chinese-made goods arriving in the U.S. on or after June 1 are subject to the 25% rate even if exported before May 10th. Such goods arriving in the U.S. before June 1 would be subject to the rate of 10%.

Note 2: When China announced the third round of retaliatory tariffs on September 24, 2018, 5,207 types of U.S.-made goods were applicable. However, on December 14, 2018, it was announced that tariffs on 67 types of products, such as auto parts, would be suspended. An announcement outlining the recommencement of these tariffs was scheduled for March 31, 2019.

Implementation of Additional Tariffs on Goods by the U.S. and China



Note: 2018 import figures are as provided by the U.S. Department of Commerce

Taking things further, the U.S. government announced on the 13th that, in a fourth round of Chinese sanctions, the administration would be looking to add a tariff of up to 25% on the remaining USD 300 billion of Chinese-made imports. This would affect 3,805 types of goods, including many consumables such as cell phones, computers, and clothing; however, it would exclude some goods such as pharmaceuticals, rare earth elements, and important minerals. The administration will soon start conducting hearings as well as gauging public opinions, likely putting measures into effect from the end of June.

China has expressed its intent to implement countermeasures; however, no concrete plan has come to light. Moreover, the government is taking the effect on Chinese businesses into consideration, and is planning to accept applications from businesses from June 3 to July 5 and from September 2 to October 18 for exemptions to all retaliatory tariffs against the U.S. which have already been enforced.³

Note 3: Exemptions announced by the Customs Tariff Commission

http://gss.mof.gov.cn/zhengwuxinxi/zhengcefabu/201905/t20190513_3256786.html

When the third round of U.S. sanctions was initially imposed, the announcement of plans to raise the initial 10% rate to 25% in 2019 led to China announcing that it would retaliate by increasing its own third-round measures from 5% and 10%. Summit talks in December last year appeared to result in a mutual agreement, with the U.S. keeping the rate at 10%, but it appears that the dispute has now been reignited. Although cabinet-level meetings between the two countries on May 9 and 10 in Washington were concluded without reaching an agreement, both countries appear willing to continue talks. President Trump has also expressed his intention to meet with President Xi Jinping before enforcing the fourth round of sanctions.

For the official lists of goods subject to tariffs, please refer to the links below:

First round:	U.S. https://ustr.gov/sites/default/files/enforcement/301Investigations/List%201.pdf
	China http://images.mofcom.gov.cn/www/201806/20180616015345014.pdf
Second round	U.S. https://ustr.gov/sites/default/files/enforcement/301Investigations/Final%20Second%20Tranche.pdf
	China http://www.mofcom.gov.cn/article/ae/ai/201808/20180802773926.shtml
Third round	U.S. https://ustr.gov/sites/default/files/enforcement/301Investigations/Tariff%20List-09.17.18.pdf
	China http://gss.mof.gov.cn/zhengwuxinxi/zhengcefabu/201905/t20190513_3256788.html
Fourth round	U.S. https://ustr.gov/sites/default/files/enforcement/301Investigations/May_2019_Proposed_Modification.pdf

CHINA BIWEEKLY (May 21st 2019)

<Summary of Additional Tariffs Imposed by the U.S. and China>

	U.S. tariffs levied on Chinese goods		Chinese tariffs levied on U.S. goods	
First round of tariffs, effective July 6 (USD 34 billion)	Additional 25% tariff on 818 types of Chinese products		Additional 25% tariff on 545 types of U.S. products	
	HS code (Headings)	Product description	HS code (Headings)	Product description
	8536	Relays for switching, protecting or making connections to or in electrical circuits	1201	Soybeans
	8413	Pumps for liquids, liquid elevator	8703	Passenger motor vehicles
	8431	Parts suitable for use with construction machinery, machine tools	1007	Grain sorghum
	8703	Passenger motor vehicles and other motor vehicles	0206	Edible meat offal
	8471	ADP disk drive units, storage units (storage units)	2303	Residues of starch or sugar manufacture
	8541	Semiconductor devices, light-emitting diodes		
	8544	Insulated wires and cables, optical fiber cables		
	8421	Centrifuges, filtering or purifying machinery, cleaning machines		
8501	Motors and generators			
8481	Cocks, valves and similar appliances			
Second round of tariffs, effective August 23 (USD 16 billion)	Additional 25% tariff on 279 types of Chinese products		Additional 25% tariff on 333 types of U.S. products	
	HS code (Headings)	Product description	HS code (Headings)	Product description
	8542	Electronic integrated circuits	4707	Waste and scrap paper
	8543	Electrical devices with specific functions	2711	Petroleum gases
	8541	Semiconductor devices, light-emitting diodes	9018	Instruments and appliances used in medical, surgical, dental or veterinary sciences
	7308	Iron or steel structures and parts	7404	Scrap copper
	8486	Machines and apparatus for manufacture of semiconductor devices or electronic integrated circuits	7602	Scrap aluminum
	8501	Motors and generators	8536	Lamp holders, plugs, sockets
	8536	Relays for switching, protecting or making connections to or in electrical circuits	8703	Passenger motor vehicles
	8503	Parts suitable for use solely or principally with electric motors and generators		
	3920	Plastic sheets and film (not reinforced)		
	3921	Other plastic sheets and film		
	Third round of tariffs, effective September 24	Additional 10% tariff on 5,745 types of Chinese products worth USD 200 billion (to be raised to 25% from May 10, 2019)		Additional 5% or 10% tariff on 5,207 types of U.S. products worth USD 60 billion (to be changed to an additional 5%, 10%, 20%, or 25% tariff from June 1, 2019)
HS code (Headings)		Product description	HS code (Headings)	Product description
8418		Refrigerators, freezers and other refrigerating or freezing equipment	2711	Liquefied natural gas (LNG)
8415		Air-conditioning machines	2603	Copper ores and concentrates
8528		Monitors and projectors; reception apparatus for televisions	8479	Machines and mechanical appliances
9403		Other furniture and parts thereof	9031	Measuring or checking instruments, appliances and machines
9405		Lamps and lighting fittings and parts thereof	7003	Cast glass and rolled glass, in sheets or profiles
4202		Trunks, suitcases, other cases, pouches, bags	9013	Lasers; other optical appliances and instruments
3926		Other plastic articles and articles of other materials	4703	Chemical wood pulp, soda or sulfate
8708		Motor vehicle parts and accessories	9018	Instruments and appliances used in medical, surgical, dental or veterinary sciences
0302	Fish, fresh or chilled, excluding fish fillets and other fish meat			
Fourth round of tariffs, implementation TBD	Up to a 25% additional tariff on 3,805 types of Chinese products worth approximately USD 300 billion		Intent to take retaliatory measures announced	
	HS code (Headings)	Product description		
	8517	Cellular telephones		
	8471	Automatic data processing machines (computers)		
	8525	Television cameras, digital cameras, and video camera recorders		
	9503-9508	Toys and sporting goods and parts thereof		
	6201-6217	Clothing		
6401-6406	Footwear			

Source: Created based on materials from the U.S. and Chinese governments

◆ April Exports Decrease 2.7% Year-on-Year (YoY), Reversing Double-Digit Growth in March

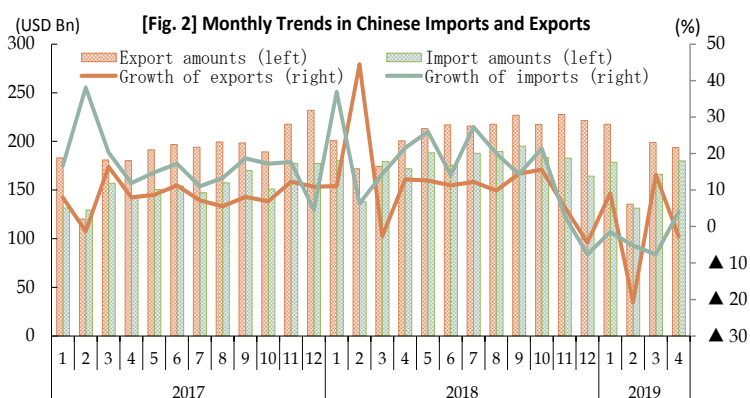
According to the trade statistics bulletin (in USD) released by the General Administration of Customs (GACC) on May 9, April exports decreased by 2.7% YoY (March: up 14.2% YoY) to USD 193.49 billion and imports rose 4.0% YoY (March: down 7.6% YoY) to USD 179.65 billion. Exports reversed the double-digit growth seen in March and plunged into negative territory. It is believed that this was influenced by a slump in U.S. exports driven by the U.S-China trade dispute. On the other hand, imports recovered from the negative figures in March, returning to positive growth. The trade surplus shrank by 47.2% compared to the previous year to USD 13.84 billion (Figures 1 & 2).

The cumulative total from January to April saw exports up 0.2% YoY and imports down 2.5% YoY. The trade surplus reached USD 89.4 billion, a 26% increase YoY (Figure 1).

[Fig. 1] Overview of Trade Statistics for April

April 2019 Trade Statistics (USD Bn)		
	Amount	YoY
Exports	193.49	▲2.7%
Imports	179.65	4.0%
Trade surplus	13.84	-
January-April 2019 Trade Statistics (USD Bn)		
	Amount	YoY
Exports	744.607	0.2%
Imports	655.21	▲2.5%
Trade surplus	89.40	-

Source: Created based on data released by the GACC



Source: Created based on data released by the GACC

For exports from January to April by category, growth in electronics/machinery turned negative, slipping 0.8% YoY (Jan.-Mar.: up 0.2% YoY), while high-tech equipment deepened its decline to 3.3% YoY (Jan.-Mar.: down 2.2% YoY). More specifically, declines compared to the previous month could be seen in some sectors, with mobile devices and parts down 19.0% YoY (Jan.-Mar.: down 18.8% YoY) and automatic data processing equipment/parts down 0.5% YoY (Jan.-Mar.: up 1.8% YoY). Integrated circuits, however, maintained steady growth with a 20.5% increase YoY (Jan.-Mar.: up 19.0% YoY).

For imports from January to April, although electronics/machinery continued their decline from last year with a YoY decrease of 6.9% (Jan.-Mar.: down 8.0% YoY), as did high-tech equipment with a YoY decrease of 5.7% (Jan.-Mar.: down 6.4% YoY), the size of the declines was reduced. More specifically, automobiles and chassis lessened their decline, decreasing by 9.3% YoY for the period in comparison to 15.5% for January to March.

By country, trade with the United States between January and April shrank 9.7% YoY (Jan.-Mar.: down 8.5%) to USD 122.44 billion, while imports fell 30.4% YoY (Jan.-Mar.: down 31.8% YoY) to USD 38.78 billion. The YoY trade surplus continued its steep contraction along with imports and exports, with a 4.0% increase YoY (Jan.-Mar.: up 7.6% YoY) to USD 83.66 billion*, up from the surplus of USD 80.4 billion from last year (Figures 3 & 4).

*Calculated by MUFG Bank based on data released by the GACC. Regarding trade with Japan, cumulative figures from January to April saw a YoY decrease in trade by 2.5% (Jan.-Mar.: up 2.6% YoY) to USD 45.5 billion, with imports also down from last year by 4.1% YoY (Jan.-Mar.: down 6.1% YoY) to USD 54.44 billion.

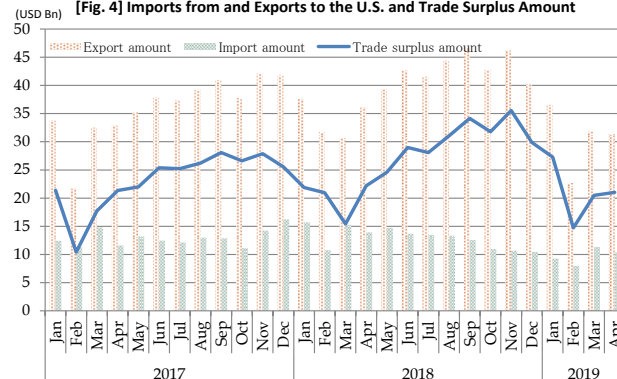
[Fig. 3] Jan-Apr 2019 Import and Export Amounts and Growth Rates by Country/Region

Country/Region	Exports	YoY	Imports	YoY	Trade Balance	Total	YoY
United States	122.44	▲9.7%	38.78	▲30.4%	83.7	161.23	▲15.7%
Japan	45.50	▲2.5%	54.44	▲4.1%	▲0.9	99.94	▲3.4%
South Korea	35.46	2.2%	56.65	▲11.6%	▲2.1	92.10	▲6.8%
Hong Kong	82.16	▲6.9%	3.03	39.2%	79.1	85.19	▲5.8%
Taiwan	16.44	9.7%	51.52	▲6.4%	▲3.5	67.96	▲3.0%
Germany	25.59	9.3%	34.00	▲0.1%	▲0.8	59.60	3.7%
Australia	14.33	3.4%	36.80	7.9%	▲2.2	51.12	6.6%
Vietnam	27.79	11.0%	16.17	▲12.4%	11.6	43.96	1.1%
Malaysia	15.46	10.9%	20.74	8.1%	▲0.5	36.20	9.3%
Brazil	9.94	1.5%	24.42	21.8%	▲1.4	34.36	15.1%

Note: Top 10 countries/regions by total export/import amounts

Source: Created based on data released by the GACC

[Fig. 4] Imports from and Exports to the U.S. and Trade Surplus Amount



Source: Created based on data released by the GACC

◆ Beijing to Raise Minimum Wage on July 1

On May 10, the Beijing municipal government announced that it would raise the city's minimum wage from RMB 2,120 (last revised in September 2018) to RMB 2,200. The new minimum wage will take effect on July 1, 2019.

Besides Beijing, Chongqing, Shaanxi, and Shanghai have also raised the minimum wage this year. Below are the cities or provinces in China that have the highest and lowest minimum wages.

- 4 highest: Shanghai (RMB 2,480), Shenzhen and Beijing (RMB 2,200), Guangzhou (RMB 2,100)

- 3 lowest: Qinghai (RMB 1,500), Anhui (RMB 1,550), Hunan (RMB 1,580)

◆ Japan-China Agreement on Social Security to Become Effective on September 1

On May 16, the Ministry of Foreign Affairs of Japan announced that the "Agreement on Social Security between the Government of Japan and the Government of the People's Republic of China" (The Japan-China Agreement on Social Security), signed on the occasion of Premier Li Keqiang's visit to Japan in May of last year, would take effect on September 1, 2019, after an exchange of official documents takes place in Beijing on May 16. This agreement will resolve the issue of Japanese and Chinese expatriates working in the other country having to make double pension payments.

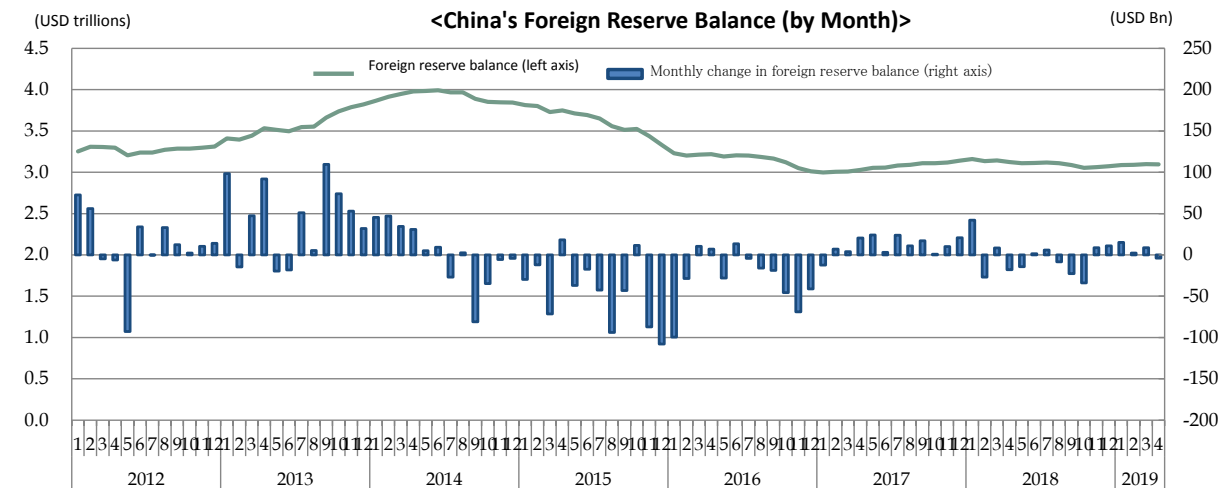
Currently, Japanese and Chinese expatriates temporarily assigned to the other country have to make double social security contributions, as they are obliged to join a pension plan in both countries. After September 1, however, expatriates assigned for a period of 5 years or less will in principle only have to contribute to their home country's pension system, reducing the burden on both companies and employees. Both governments are expected to announce the actual procedures at a later date. In Japan, the procedures are scheduled to be provided on Japan Pension Service's website sometime around the end of June.

[Finance/Exchange]

◆ Foreign Reserve Balance in April has First Decrease in Six Months

According to an announcement made on May 7 by the People's Bank of China (PBOC), the foreign reserve balance in April decreased USD 3.8 billion to USD 3.095 trillion, experiencing its first drop in 6 months. The State Administration of Foreign Exchange (SAFE) noted that the drop in the foreign reserve balance in April was influenced by foreign exchange market volatility combined with price fluctuations in held assets. Looking forward, while the external environment is getting increasingly murky, trends are pointing towards a stabilizing domestic economy, and in SAFE's opinion, stability in the size of the foreign reserve balance will be maintained.

As talks between the U.S. and China regarding the trade dispute drag on, it is being regarded as important to maintain stable RMB exchange rates and proceed with financial reforms to prevent capital outflow and stabilize the domestic financial market.



Source: Created based on data published by the People's Bank of China

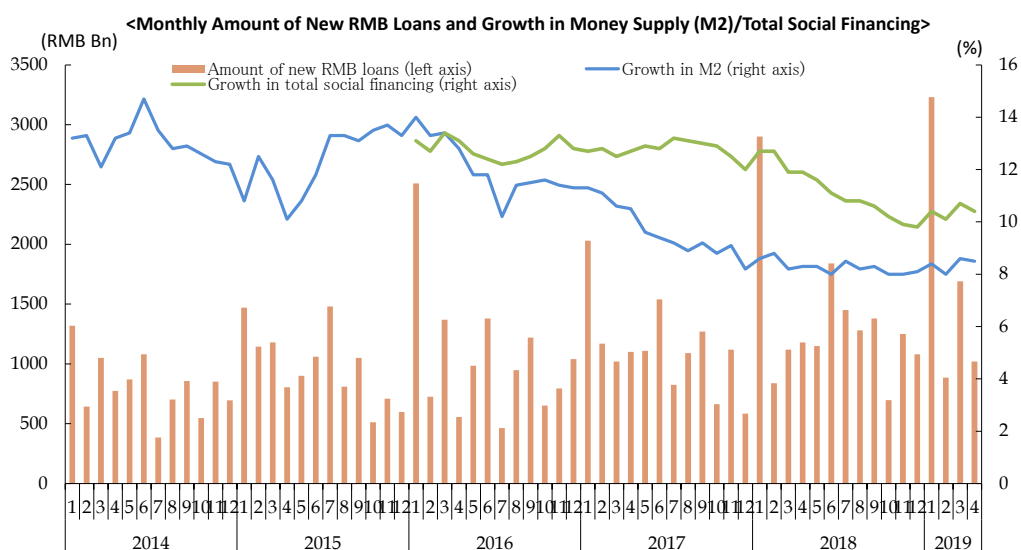
◆ April New RMB Loans Shrink by RMB 670 Billion Month-on-Month (MoM)

On May 9, the PBOC announced that new RMB loans in April decreased by RMB 161.5 billion YoY and RMB 670 billion MoM to the current amount of RMB 1.02 trillion.

Total social financing,* which shows the amount of liquidity supplied to the real economy, decreased by RMB 408 billion YoY and RMB 150 billion MoM to RMB 1.36 trillion.

* Total social financing = RMB loans + Foreign currency loans + Entrusted loans + Trust loans + Bank acceptance bills + Corporate bonds + Local government special bonds + Non-financial companies' equity financing + Compensations made by insurance companies + Investment properties + Other

The growth rate in money supply (M2) as of the end of April rose 8.5% YoY, a 0.1 percentage point decrease from the previous month, which had a YoY rate of increase of 8.6%.



Source: Created based on data released by PBOC
 Note: Growth rates for total social financing appear on the graph starting from January 2016 when the announcement of these statistics started.